

**South Carolina
Board of Financial Institutions**

Columbia, South Carolina

State Auditor's Report

June 30, 2020



Independent Accountant's Report on Applying Agreed-Upon Procedures

October 14, 2021

The Honorable Curtis M. Loftis Jr., Chairman
South Carolina Board of Financial Institutions
Columbia, South Carolina

We have performed the procedures described in Attachment 1 on the systems, processes and behaviors related to financial activity of the South Carolina Board of Financial Institutions (the Board) for the fiscal year ended June 30, 2020. The Board's management is responsible for the systems, processes and behaviors related to financial activity.

The Board's management has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of understanding the systems, processes and behaviors related to financial activity. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

We were engaged by the Board to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the systems, processes and behaviors related to financial activity of the Board for the year ended June 30, 2020. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The concept of materiality does not apply to findings to be reported in an agreed-upon procedures engagement. Therefore, all findings from the application of the agreed-upon procedures must be reported unless the definition of materiality is agreed to by the Board's management. Management of the Board has agreed that the following deficiencies will not be included in the State Auditor's Report on Applying Agreed-Upon Procedures:

- Errors of less than \$1,000 related to cash receipts and non-payroll cash disbursements transactions.
- Errors of less than \$5,000 related to reporting packages.

We are required to be independent of the Board and to meet other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of the Board and management of the South Carolina Board of Financial Institutions, and is not intended to be, and should not be, used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

George L. Kennedy, III, CPA
State Auditor

South Carolina Office of the State Auditor
Agreed - Upon Procedures Related to the South Carolina Board of Financial Institutions (R23)

Cash Receipts/Revenues

1. Haphazardly select five cash receipts transactions and inspect supporting documentation to determine:
 - Transaction agrees with the general ledger as to amount, date, payor, and account classification.
 - Receipts were deposited in a timely manner, in accordance with Proviso 117.1 of the fiscal year 2020 Appropriations Act.
 - Both revenue collections and amounts charged are properly authorized by State law.
 - Receipts are recorded in the proper fiscal year.

We found no exceptions as a result of the procedure.

Cash Disbursements/Non-Payroll Expenditures

2. Haphazardly select five non-payroll disbursements and inspect supporting documentation to determine:
 - The transaction is properly completed as required by Board procedures and invoice(s) agree(s) with general ledger as to vendor, amount, and date.
 - All supporting documents and approvals are present and agree with the invoice.
 - The transaction is an actual expenditure of the Board.
 - The transaction is properly classified in the general ledger.
 - Disbursement is recorded in the proper fiscal year.
 - Clerical accuracy.
3. Haphazardly select eight purchasing card transactions from the Office of the State Comptroller General's (CG) listing of purchasing card transactions and inspect supporting documentation to determine:
 - The cardholder is an authorized user and individual credit limits have been properly approved in accordance with Board policies.
 - The purchase is authorized based on the cardholder's job title/position.
 - The monthly purchase summary was submitted along with applicable receipts and signed by both the supervisor and cardholder.
 - The purchase did not exceed the single transaction limit or the individual credit limit and there was no indication of transaction splitting.

We found no exceptions as a result of the procedures.

Payroll

4. Haphazardly select three employees who terminated employment during the fiscal year to determine if they were removed from the payroll in accordance with the Board's policies and procedures, and that their last paycheck, including any leave payout, was properly calculated in accordance with applicable State law.
5. Haphazardly select three employees hired during the fiscal year to determine if they were added to the payroll in accordance with the Board's policies and procedures and that their first paycheck was properly calculated in accordance with applicable State law.

We found no exceptions as a result of the procedures.

Journal Entries and Transfers

6. Haphazardly select four journal entries and one transfer and inspect supporting documentation to determine:
 - Postings in the general ledger agree to supporting documentation.
 - The transaction is properly approved.
 - The purpose of the transaction.

We found no exceptions as a result of the procedure.

Reporting Packages

7. Inspect fiscal year end reporting packages submitted to the CG. Compare responses in the Master Reporting Package Checklist and any required supplemental information to year end reporting packages submitted to the CG, the South Carolina Enterprise Information System (SCEIS) and Board prepared records. Additionally, compare the dates submitted to the due dates established by the CG's Reporting Policies and Procedures Manual.
8. In addition to the procedure above, perform the following:
 - Subsequent Events Questionnaire

Compare responses and any required supplemental information to the SCEIS general ledger and Board prepared records.

We found no exceptions as a result of the procedures.

Assets and Personal Property

9. Inspect the two low value moveable asset acquisitions and supporting documentation to determine that each asset was properly classified and posted to the general ledger in accordance with the CG's Reporting Policies and Procedures Manual.
10. Through inquiry of management and inspection of supporting documentation, determine that an inventory of Board property, excluding expendables, was completed during the fiscal year as required by South Carolina Code of Laws Section 10-1-140.

We found no exceptions as a result of the procedures.

Appropriation Act / Board-Specific Proviso

11. Determine compliance with the (one) Board-specific state proviso 79.1 - Supervisory Fees by inquiring with management and observing supporting documentation.

We found no exceptions as a result of the procedure.